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THE ECONOMY AT A GLANCE

ECONOMIC HIGHLIGHTS

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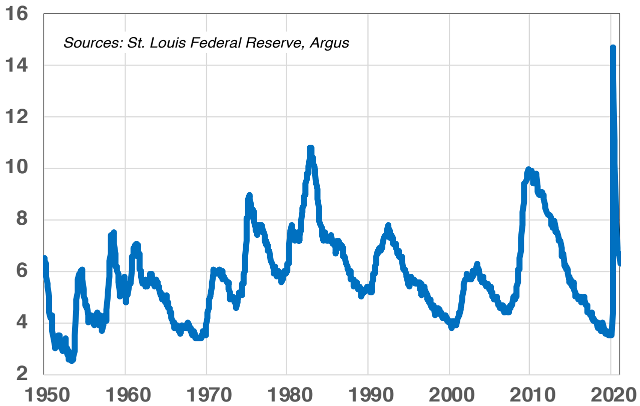
JANUARY PAYROLLS RISE

The U.S. economy gained 49,000 jobs in January as the labor market continued to reflect the impact of the pandemic. The unemployment rate dropped to 6.3% as the workforce declined. The shape and character of the workforce is changing. In January, 23.2% of employed persons teleworked because of the pandemic, up from 21.8% in November. The Labor Department reported that 793,000 people filed initial unemployment claims for the week ending February 6, and that continuing claims fell to 4.54 million from 4.69 million. The data indicates that the employment environment, while improving, is still under stress. We expect the unemployment rate to remain high -- and the Federal Reserve to keep interest rates low -- into 2022.

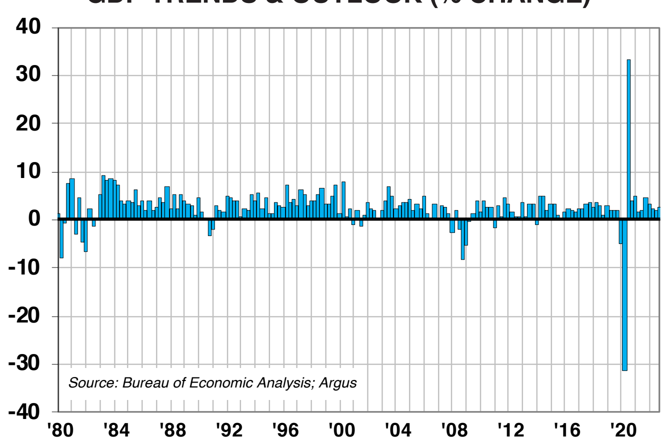
U.S. UNEMPLOYMENT RATE (%)



ARGUS 1Q GDP FORECAST

The primary driver of GDP over the next few quarters is likely to be public health, as the nation continues to battle the pandemic. The employment environment is in better shape than it was nine months ago, though still far from strong. Consumer confidence is improving, and we expect that rising confidence will lead to continued growth in consumer spending. Auto sales have recovered, and the housing market remains strong. Businesses are again expanding. Our GDP model calls for a 1.2% increase in absolute GDP in 1Q21 from 4Q20, which translates to an annualized gain of 5.0%. We expect further absolute improvement over the remainder of the year. On an annual basis, we look for overall GDP growth of approximately 3.2% in 2021 and 2.6% in 2022.

GDP TRENDS & OUTLOOK (% CHANGE)



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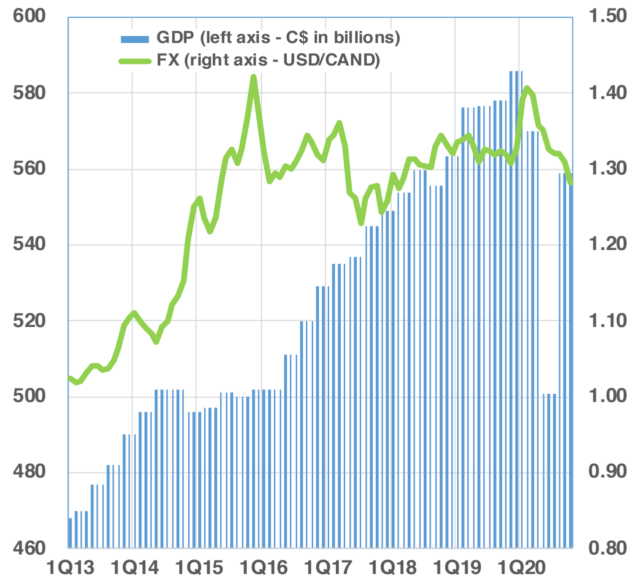
CANADIAN ECONOMY POISED FOR REBOUND

The Canadian economy is estimated to have contracted 5.4% in 2020, a bit worse than the 3.8% drop for G20 economies overall, according to the OECD. Canada's outsized exposure to the Financial Services and Energy sectors, relative to other countries, was partly to blame, as low interest rates and oil prices took their toll. The economic lag was also evident in Canadian share prices, with Canada's TSX60 rising just 2.8% in 2020 compared to a 16% gain for the S&P 500. But in a reversal of fortunes, oil prices and interest rates have risen thus far in 2021, and the TSX60 is off to a good start. The OECD now expects Canadian GDP to rebound by 3.5% in 2021, although the travel and hospitality segments are likely to remain a drag. Meanwhile, the Canadian housing market has remained a source of strength, aided by low interest rates and shelter-at-home policies that have boosted demand and home prices. We believe that select companies in Canada offer compelling investment opportunities.

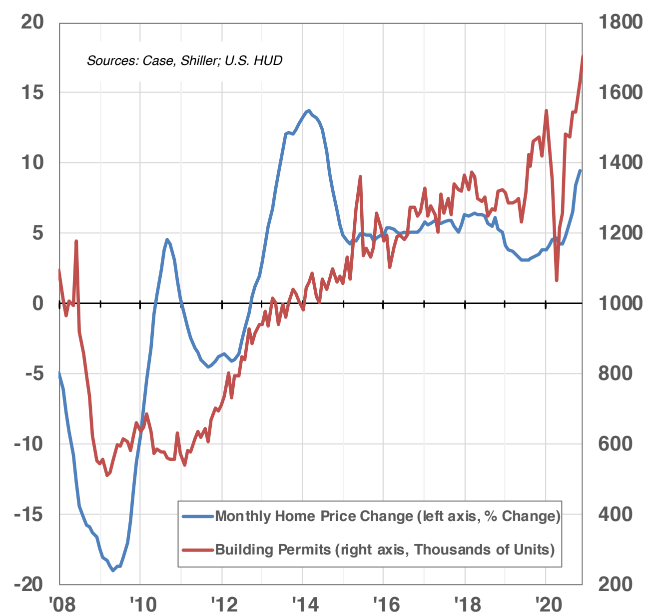
CANADA ECONOMIC TRENDS



HOME PRICES SHOOT HIGHER

The housing market -- a major pillar of U.S. economic growth pre-COVID-19 -- is rebounding after an initial slump related to the onset of the pandemic. Existing home sales, which were down 32% in May 2020 from January 2020, have been rising consistently since late spring. As of December 2020, they were 73% above their May lows, at a 6.76 million annualized rate. Building permits, a leading indicator for the industry, initially peaked in January at 1.55 million units and rose above that level, to 1.7 million units, in December. Prices have held up as well. The S&P/Case-Shiller National Home Price Index is one of the most closely watched barometers of the housing market. Data for November 2020 showed that prices were up 9.5% year-over-year, up from 8.4% in October. Meanwhile, inventory levels are tight: currently there is a low 4.3-month supply of existing homes for sale (the average range is 4.5-7.5 months), according to the U.S. Census Bureau. On the other side of the pandemic, we expect that demand for homes -- with yards between neighbors and plenty of space -- will remain strong.

HOUSING MARKET TRENDS

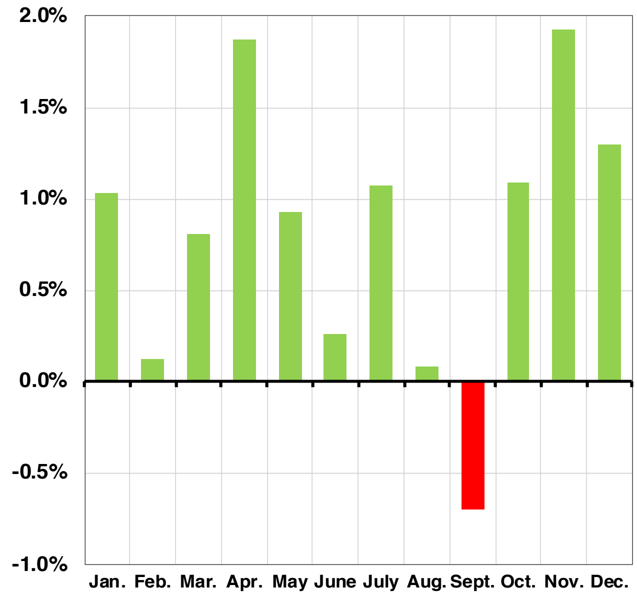


FINANCIAL MARKET HIGHLIGHTS

FEBRUARY CAN BE A TOUGH MONTH

We have studied monthly, quarterly and annual returns in the stock market since 1980. February is not one of the best months. On average, stocks rise only 0.1% in the month. Only the months of August and September have generated weaker average returns. There have been some strong Februarys, including 7% gains in 1986, 1991 and 1998, as well as a 5.5% surge in 2015. But there have been some bombs as well: a 6% drop in 1982, a 9% plunge in 2001 during the "dot-com" bust, and an 11% collapse near the bottom of the Great Recession and bear market in 2009. February 2020 was also a clunker, as the coronavirus began to spread around the world and the economy tumbled into a recession. This time around, investors are still concerned about COVID-19 and the economy, not to mention stock market valuations and irregular trading activity. Below the headlines, the fundamentals for stocks remain strong: the domestic economy is again growing, interest rates are low, and corporate earnings are poised to rebound. We think that selloffs could represent buying opportunities.

AVERAGE MONTHLY STOCK-MARKET APPRECIATION



GOLD LEVELS OFF

When stocks become volatile, and global economic conditions unpredictable, investors often flock to gold. In the wake of the coronavirus, the spot price for an ounce of gold broke through the $2,000 level. The fundamental factors that drove that uptrend (in addition to the virus) include the global economic recession, increased volatility in U.S. stocks, uncommon negative interest rates in countries ranging from Germany to Japan, and prospects for another trillion-dollar-plus federal spending plan to help the U.S. weather the COVID-19 crisis. From a technical standpoint, gold recently broke out of a three-year trading range and remains in a bullish pattern of higher highs and higher lows that dates back to December 2016. Our forecast trading range for gold in 2021 is $2,000-$1,700, and our average for the year is $1,800. This compares to average gold prices of $1781 in 2020, $1400 in 2019, $1265 in 2018, $1277 in 2017, $1258 in 2016 and $1155 in 2015. As long as global economic uncertainty and virus fears are part of the market conversation, gold is likely to remain in demand.

GOLD PRICES ($/OZ)

ECONOMIC CALENDAR

Previous Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
17-Feb	Retail Sales	January	-0.7%	0.1%	0.8%	NA
	Retail Sales; ex-autos	January	-1.4%	0.2%	0.8%	NA
	Business Inventories	December	0.5%	0.5%	0.5%	NA
	Industrial Production	January	1.6%	1.0%	0.4%	NA
	Capacity Utilization	January	74.5%	74.7%	74.9%	NA
	PPI Final Demand	January	0.3%	0.3%	0.4%	NA
	PPI ex-Food & Energy	January	0.1%	0.1%	0.2%	NA
18-Feb	Import Price Index	January	0.9%	1.0%	1.0%	NA
	Housing Starts	January	1669 K	1650 K	1650 K	NA
19-Feb	Existing Home Sales	January	$6.76 Mil.	$6.60 Mil.	$6.56 Mil.	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
1-Mar	ISM Manufacturing	February	58.7	NA	NA	NA
	Construction Spending	January	1.0%	NA	NA	NA
3-Mar	ISM Non-Manufacturing	February	58.7	NA	NA	NA
4-Mar	Factory Orders	January	1.1%	NA	NA	NA
	Non-farm Productivity	4Q	-4.8%	NA	NA	NA
	Unit Labor Costs	4Q	6.8%	NA	NA	NA
5-Mar	Trade Balance	January	$-66.6 Bil.	NA	NA	NA
	Non-farm Payrolls	February	49000	NA	NA	NA
	Average Weekly Hours	February	35.0	NA	NA	NA
	Average Hourly Earnings	February	0.2%	NA	NA	NA
	Unemployment Rate	February	6.3%	NA	NA	NA